

BustOut ScoreSM

Prevent losses with early detection and enhanced protection



Bust-out fraud decreases your revenue, damages your operational agility and requires tedious manual review. Ultimately, you pay the price when it's caught too late.

Experian's BustOut ScoreSM helps diminish bust-out losses by predicting and detecting the problem months in advance. BustOut Score is easily incorporated into your existing risk-management process without significant technological investment. Because of the product's high detection rate, the predictive power of BustOut Score improves operational speed.

Position your resources where you need them most, and catch perpetrators before they damage your business. With BustOut Score, you can increase operational efficiencies by quickly clearing low-risk accounts and reducing manual review and promote positive customer experiences with a reduced false-positive rate.

What is bust-out fraud?

Bust-out is a deliberate, patient form of fraud. Also known as sleeper fraud, it occurs when a consumer applies for and uses credit — often under his or her own identity — with the intent of maxing out all available credit and eventually disappearing. These criminals engage in normal transactions and pay consistently like good customers, all the while planning to ignore the final

payment and abandon the account. They may have good credit scores, exhibit satisfactory credit utilization and make regular payments until a short time before the bust-out occurs.

A bust-out scheme typically is defined by the following behavior:

- The account in question is delinquent or charged-off
- The balance is close to or over the limit
- One or more payments are returned
- The customer cannot be found
- The above conditions exist with more than one account and/or financial institution

During the development process, the perpetrator builds a good credit history through timely payments to obtain additional lines of credit and increased limits. At a predetermined point, the fraudster depletes all available credit, discontinues payment and abandons all accounts. Overpayments with bad checks are not uncommon during the final stage of the bust-out, leading to average losses over the credit limits.

Some schemes can cost companies more than \$20,000 per incident at 100 percent to 200 percent of the original line of credit.

Why absorb unnecessary bust-out losses?

Although bust-out is relatively rare, strong protection can mitigate its extensive financial consequences. Bust-out fraud represents a significant percentage of bad debt in credit organizations. Several issuers stated that bust-out frauds contribute to approximately 15 percent to 25 percent of their credit losses.

Since perpetrators initially masquerade as trustworthy customers, traditional credit scores are insufficient to predict the likelihood of criminal activity. The same studies mentioned above indicate that detection of bust-out fraud only one month in advance could save credit issuers 20 percent on every bust-out loss.

In response, some companies have created internal, custom bust-out models. These in-house models often require significant monetary and technological investments. Implementation complexity also may require external consulting hours or a complete overhaul of the fraud-management process. In today's economy, such a big internal investment can be risky.

With Experian's BustOut Score, you can employ an easy-to-implement tool that complements your existing fraud-management processes and immediately proves its value.

Ideal proactive protection

With unique visibility into a consumer's credit relationships, history and activities across multiple financial institutions, Experian® can provide profound insight into potentially fraudulent bust-out issues. Specifically designed to predict bust-out fraud one to three months before it occurs, Experian's BustOut Score is the first product of its kind to allow lenders to proactively defend against bust-out fraud. An ideal form of first-party fraud prevention for credit issuers servicing a wide variety of accounts, BustOut Score enhances your existing fraud-management process and helps you balance greater operational efficiency with the need for effective protection.

Benefits

- Batch review for account management — Distinguish potential fraudsters from existing customers and apply the appropriate, proactive response with minimal investment
- Online review for account opening — Isolate potential fraudsters in real time by referring high-score consumers for further review before accepting or denying an application
- A single, easy-to-interpret score — With the BustOut Score range from 1 to 999, a higher score indicates a greater likelihood of bust-out fraud

Automate the review of suspicious accounts within your priority queue to focus on high-risk individuals while clearing low-risk accounts. Reduce the time spent reviewing each account by trusting a single score to inform your decision rather than a tedious manual process. Stop using resources for manual detection and increase productivity by reallocating those same resources to maximize profit.

Experian's BustOut Score provides a more sophisticated, cost-effective way to discover and deal with bust-out fraud.

About Decision Analytics

Experian's Decision Analytics business combines data intelligence, analytics, software and consulting to help clients optimize profitability and improve performance. Its enterprise-wide decisioning capabilities enable clients to manage and mitigate credit risk; prevent, detect and reduce fraud; meet regulatory obligations; and gain operational efficiencies. Trusted by leading businesses worldwide, Experian's Decision Analytics business provides the intelligence to make accurate and informed decisions to help clients better manage their customer relationships.

To find out more about BustOut Score, contact your local Experian sales representative or call 1 888 414 1120.